



Brooks Range Petroleum

Prior Exploration Activities **Telemark Unit**

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OIL AND GAS**

BRPC and the Working Interest Owners of the proposed TU Unit Area, AVCG, LLC, TG World Energy, Inc., Ramshorn Investments, Inc., Brooks Range Development Corporation (hereinafter referred to individually and/or collectively as "TU WIOs"), have been prospecting in the area since 2002, acquiring their first leases at the October 2003 State of Alaska Areawide Oil and Gas Lease Sale, and conducting operations on the ground since the summer of 2007. The major activities conducted by the TU Unit WIO's are:

1. Archeological Site Clearance in preparation for the acquisition of 3D Seismic during the summers of 2007 and 2009; and
2. Execution of and AFE and Master Service Agreement for the acquisition of 150 square miles of 3D during the month of January 2008. Unfortunately, the eastern area tundra travel was opened in late January, 2008, after the TU WIOs diverted the crew to the west acreage block but not before incurring significant standby cost while waiting for tundra travel to open.

The high cost, high risk, and the marginal nature of the potential hydrocarbon accumulation requires numerous prospects being explored and developed as a program which then generate economic synergies and improves the probability of discovering an economic development. The pace of exploration and development is linked to the ability of any operator to accumulate an acreage position which offers sufficient access and control of enough prospects to offer said synergies and improved probability of an economic development. To amass all of the oil and gas leases comprising the proposed TU Area, BRPC, as operator, successfully completed the following land transactions over the last 7 years. If the proposed TU Agreement is not approved, then the ownership of the leases within the proposed TU Area would once again become fractionated further delaying the exploration and development of potential hydrocarbon accumulations.

Need to check these to see which still apply

- 2003 Acquired 2 lease @ Areawide Sale
- 2006 Acquired 1 leases @ Areawide Sale
- 2006 Acquired 30 Leases from Bachner, et al
- 2007 Acquired 3 leases @ Areawide Sale
- 2008 Acquired 2 leases @ Areawide Sale
- 2010 Acquired 1 leases @ Areawide Sale
- 2011 Anticipate Acquiring 2 leases from Donkel/Cade
- 2009 Anticipate Acquiring 27 lease from Anadarko/BG/ASRC

To date, the WIO's have spent more than \$4 MM exploring the proposed TU Area. The information obtained from this effort has led to the identification of many potential hydrocarbon accumulations and additional prospects inside the proposed TU Area. The TU WIOs wish to continue their exploratory activities and conduct development activities in the TU Area subject to the terms and conditions of the proposed TU Agreement.